

the WHITE HOUSE PRESIDENT BARACK OBAMA



Congress Grants Broad Prize Authority to All Federal Agencies

DECEMBER 21, 2010 AT 5:24 PM ET BY TOM KALIL AND ROBYNN STURM



Summary: By giving agencies a simple and clear legal path, the America COMPETES Act will make it dramatically easier for agencies to use prizes and challenges to spur innovation, solve tough problems, and advance their core missions.

The America COMPETES Act passed by Congress today provides all agencies with broad authority to conduct prize competitions as called for by President Obama in his 2009 [Strategy for American Innovation](#). By giving agencies a simple and clear legal path, the America COMPETES Act will make it dramatically easier for agencies to use prizes and challenges to spur innovation, solve tough problems, and advance their core missions.

In a world of widely dispersed knowledge, prizes and challenges are an essential tool for every agency's toolkit. As the co-founder of Sun Microsystems Bill Joy once famously said, "No matter who you are, most of the smartest people work for someone else." This fact calls for a fundamental shift in the way an institution solves problems. Prizes and challenges are part of the solution.

A recent [McKinsey report](#) found that the private sector and a new generation of philanthropists are embracing prizes. Catalyzed by new crowd sourcing technologies, investments in prize competitions have increased significantly in recent years. According to the study, more than 60 prizes of at least \$100,000 each made their debuts from 2000 to 2007, representing almost \$250 million in new prize money.

As the [Wall Street Journal recently concluded](#), "These prizes have proliferated because they

actually work.” Specifically, well-designed prizes allow the sponsor to dramatically increase the number and diversity of minds tackling a tough problem, to articulate a bold goal without having to predict the team or approach that is most likely to succeed, and to only pay for results.

Despite these benefits, the public sector has been slow to reap the benefits of open innovation strategies. The Obama Administration is committed to change that.

On his very first day in office, the President [set out new principles](#) for the way government works. Recognizing that the problems of the 21st century are too great to be solved by government alone, he called for an “all hands on deck” approach that taps the “distributed intelligence” of the Nation.

In September 2009, in his Strategy for American Innovation, President Obama expanded on these principles to explicitly call on agencies to increase their use of prizes and challenges to solve tough problems. In March, the Office of Management and Budget issued a [memorandum](#) to all agency heads affirming the Administration’s commitment to this problem-solving approach and providing a policy and legal framework to guide agencies in using prizes to stimulate innovation to advance their core missions. And, in September 2010, the White House and the General Services Administration launched [Challenge.gov](#), a one-stop shop where entrepreneurs, innovators, and citizen solvers can compete for prestige and prizes by providing novel solutions to tough national problems, large and small.

As a result, 2010 has witnessed widespread government experimentation with prizes. In its first 3 months, Challenge.gov featured 57 challenges from 27 agencies across the Executive Branch, generating novel solutions for [childhood obesity](#), [advanced vehicle technologies](#), [financing for small businesses](#), [Type One Diabetes](#), and many other national priorities.

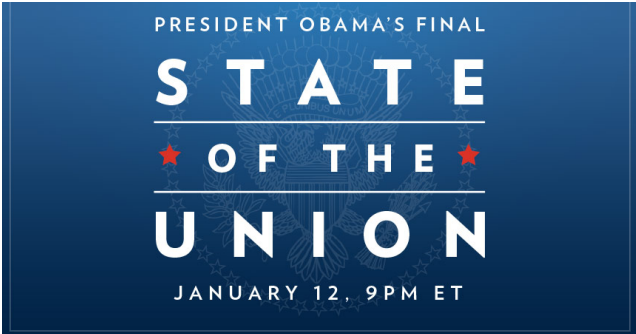
The prize authority in the America COMPETES Act will further unleash the public sector’s ability to leverage prizes and challenges to spur innovation. Stay tuned to [Challenge.gov](#) for new developments in the New Year!

In the meantime, you can read more about today’s passage of the America COMPETES Act on the [OSTP blog](#) and find the full text of the final bill [here](#).

Tom Kalil is Deputy Director for Policy in the White House Office of Science and Technology Policy

Robynn Sturm is Advisor for Open Innovation to the Deputy Director





THE FINAL STATE OF THE UNION

Watch President Obama's final State of the Union address.



FIND YOUR PARK

Take a look at America's three newest national monuments.



THE SUPREME COURT

Read what the President is looking for in his next Supreme Court nominee.



- [HOME](#)
- [BRIEFING ROOM](#)
- [ISSUES](#)
- [THE ADMINISTRATION](#)
- [PARTICIPATE](#)
- [1600 PENN](#)

- [En Espa#ol](#)
- [Accessibility](#)
- [Copyright Information](#)
- [Privacy Policy](#)
- [USA.gov](#)